

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Chief Financial Officer**

Natwar M. Gandhi  
Chief Financial Officer



**MEMORANDUM**

**TO:** The Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer

**DATE:** December 16, 2002

**SUBJECT:** Fiscal Impact Statement: "Crispus Attucks Development Corporation Real Property Tax Exemption and Equitable Real Property Tax Relief Act of 2002"

**REFERENCE:** Draft Legislation as Introduced - Number Not Available

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**Conclusion**

Funds are not sufficient in the FY 2003 through FY 2006 budget and financial plan as agreed to by the mayor and the Council of the District of Columbia. Implementing the provisions of the proposed legislation will result in unbudgeted reductions in real property tax revenue. **The proposed foregone property tax and exemption will cause additional local General Fund revenue reductions of \$295,000 in FY 2003 and approximately \$325,000 in FY 2003 through FY 2006.**

**Background**

The subject property was originally granted exempt status on July 1, 1977. It was returned to the tax roll effective July 1, 1989. Office of Tax and Revenue (OTR) sold the lien for this property for tax years 1990 through 1995 at the tax sales in 1996. Liens on this property for tax years 1996, 1997 and 1998 were also sold to individuals at OTR's annual tax sale in subsequent years.

The proposed legislation provides the Crispus Attucks Development Corporation with relief from all real property tax liability for Lot 0046 in Square 3117 located at 77 'U' Street, N.W. Provisions of the proposed legislation will require the District to forego or refund all real property taxation from October 1, 1994 to present including all fees,

penalties, interest and other related charges<sup>1</sup>. The proposed legislation will exempt the subject property from future real property taxation conditioned on the owners maintaining the activities on the property as serving public purposes and not for commercial purposes.

### **Financial Plan Impact**

Funds are not sufficient in the FY 2003 through FY 2006 budget and financial plan because the proposed legislation will result in unbudgeted reductions in real property tax revenue and tax refunds. The following table presents the estimated reduction to local General Fund revenue caused by the proposed tax relief and real property tax exemptions. An inflationary factor is applied beginning in tax year 2004.

<b>Estimated Reduction in Local General Fund Revenue</b> (\$ in 000s)				
<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>4-Year Total</b>
\$295	\$9	\$10	\$11	<b>\$325</b>

*The Chief Financial Officer's legislative fiscal analysis is prepared by the Special Projects and Fiscal Analysis Administration in the Office of Research and Analysis. Contact us at 441 4<sup>th</sup> Street, NW, Suite 400S, Washington D.C., 20001 or view our work on-line at <http://cfo.dc.gov>.*

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<sup>1</sup> The District may be liable for attorney fees resulting from a terminated breen property lien foreclosure stalled in July 2000. The full amount is yet to be disclosed.